



State of Wisconsin
Department of Health and Family Services

Jim Doyle, Governor
Helene Nelson, Secretary

Medicare Crossover Claims for Outpatient Hospitals

	FY 04		FY 05	
	GPR	All Funds	GPR	All Funds
MA Claims	\$ (3,665,700)	\$ (8,858,000)	\$ (7,278,300)	\$ (17,500,100)
MA Administration	\$ 27,000	\$ 108,000	\$ 0	\$ 0
Net Change	\$ (3,638,700)	\$ (8,750,000)	\$ (7,278,300)	\$ (17,500,100)

Description of Proposal

- For MA recipients who are also eligible for Medicare, restrict MA payments for required Medicare co-payments and deductibles (MA crossover claims) to a level that would not cause the sum of the Medicare payments and MA payments to exceed the rate that would be paid in total by fee-for-service MA. Require that this restriction be applied in aggregate to all services received during a visit to match the basis for MA payments.

Background

- “Crossover” claims are claims from MA providers for services provided to individuals dually eligible for Medicare and MA.
- Federal rules require that MA pay for a recipient’s deductibles and co-payments under Medicare. However, federal rules permit a state to limit payments to the amount MA would pay for the service.
- MA pays outpatient hospital crossover claims under the following methodology: The MA rate for all outpatient hospital services performed in a single visit is compared to the Medicare rate for each service in that visit that has a separate Medicare payment rate. MA pays the Medicare deductible or co-payment when the sum of the Medicare service payment and MA payments do not exceed the MA single visit rate.
- This methodology results in outpatient hospital crossover payments above what would be paid if the MA rate for all services per visit were compared to the sum of Medicare rates for all services per visit and required deductible/co-payments.
- If MA crossover payment methodology were changed to compare the MA rate to the sum of Medicare rates for a single visit and required deductible/co-payment, it is estimated that 95% of the Medicare crossover claims would be eliminated.
- Current MA payment methodology reimburses outpatient hospitals at approximately 70% of their costs for serving MA recipients.
- To implement the proposed change to crossover payments, the MA claims system would have to be modified. The modifications would cost \$108,000 AF (\$27,000 GPR) in FY 04 and would take approximately five months complete.

Rationale for Proposal

- Outpatient hospitals are currently reimbursed at a higher rate for dually eligible MA recipients than for MA-only eligibles. This change makes reimbursement rates consistent for outpatient hospital services to dual-eligibles and MA-only eligibles.
- The proposed change would not require recipients to make up the difference in costs. MA providers must accept the MA rate for their services and cannot request payment from MA recipients.
- National survey data shows increased profit margins for all Wisconsin hospitals. Between 1997 and 2001, in the aggregate the Wisconsin hospital industry's profit margin increased from approximately 7.2% to 7.8%. Hospital operational margins also increased from approximately 5.4% to 6.7%.